

SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF DIHLABENG LOCAL MUNICIPALITY

ANNUAL BUDGET OF DIHLABENG LOCAL MUNICIPALITY

2013/14 TO 2015/16 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	MFMA	Municipal Financial Management Act Programme
ASGISA	Accelerated and Shared Growth Initiative	MIG	Municipal Infrastructure Grant
BPC	Budget Planning Committee	MMC	Member of Mayoral Committee
CBD	Central Business District	MPRA	Municipal Properties Rates Act
CFO	Chief Financial Officer	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kℓ	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

Part 1 – Annual Budget

1.1 Mayor's Report

FINANCIAL PERFORMANCE PRIOR YEAR

For the first time in its existence we managed to achieve an unqualified audit opinion in the 2012/13 financial year after suffering from Disclaimers from 2002/3 until 2008/9. The national target is 2014 and we achieved this two years earlier. The ability of the municipality to achieve this feat has given the community the assurance that their funds are properly accounted for and thereby increasing not only community confidence but also investor confidence. In my budget speech for the 2012/13 financial year it was indicated that we would be terminating the CFOs contract if this did not happen. Thanks for all the effort put in by the Municipal Manager and his team in achieving this great feat.

Not only did we achieve an unqualified audit opinion the financial performance of the municipality had a tremendous turn for the better. In the 2010/11 the municipality made a deficit of R 141 million and in the 2012/13 financial year the deficit was reduced to R 44 million, this translates to a turnaround of approximately R 100 million. The deficit of R 44 million is as a result of the provision for bad debts made in the 2012/13 financial year of R 86 million. Therefore if the consumers all paid their accounts the municipality would have had a surplus of R 42 million, which could be invested in improving the lives of our community. The payment of accounts remains a serious challenge and could be the difference between our municipality, that according to the NCOP is a model municipality to one that will be the best in the entire country. More focus will still need to be placed on this section of our municipality.

Despite this the municipality managed to increase its cash collection from own revenue from R 206 million in the 2010/11 financial year to R 243 million in the 2012/13 financial year. This is an 18% increase in the 2012/13 financial year. There was a tariff increase applied of 8%, therefore there was an increase of 10% over and above the tariff increases applied in the 2012/13 financial year.

2013/2014 ANNUAL BUDGET

This budget reflects our commitments needs towards change and development for the betterment of the lives of all the people within or community. It also reflects continuity and conscience intention of our municipality to take head-on challenges of poverty, unemployment and inequality.

Honourable speaker our annual budget for 2013/2014 is R 555 million increasing from R 512 million in the 2012/2013.

We managed to increase our revenue despite the fact that the equitable share; which equates to 22% of our total revenue, was slightly reduced. Currently grants only account for 25% of the municipal revenue, a reduction from 28% in the 2012/3 financial year. This indicates that we are in the process of becoming self-sufficient and less reliant on grants for our daily operating activities. The stagnant equitable share and a reduction in the percentage reliance on grants indicates that we need to focus more on the correct billing to our consumers as well as the collection of those accounts that we have been billed.

One of the biggest increases in own revenue is traffic fines, that increased from R 200,000 to R 3,8 million, that equates to a 1,800% increase.

Through the consultation process, there was an outcry for the tariffs of the municipality to only increase in accordance with treasury guidelines. The first draft budget depicted a 9% increase in services, but through fiscal discipline we were able to reduce the tariff increase to an acceptable level as per the overwhelming requests from the community. An increase of 7% has been applied to the sewerage, water, refuse, property rates and electricity tariffs. Sundry tariffs were increased on average by 10%.

We have managed to maintain our salary budget of 29% in the 2012/13 and 2013/14 budgets, an acceptable norm is between 30 and 35%. This type of discipline is necessary to ensure the financial stability of the municipality going forward.

The Councillors remuneration of R 12,6 million will be subsidised through the equitable share allocation. An amount of R 5,5 million has been included for the special support for Councillors remuneration and ward committees.

The repairs and maintenance budget has not increased since the 2012/13 budget. Repairs and maintenance comprises 5% of our total budget which is below the norm of 9%. Additional effort needs to be placed on increasing this percentage and thereby ensuring that our assets are properly maintained.

The general expenditure, which includes bulk purchases, insurance, rental of plant, security costs, LED projects, training, etc., has only increased by 1% from R 288 million to R 290 million. It is essential that we ensure that our overheads remain as low as possible and thereby ensuring financial sustainability.

We have also managed to increase the contribution by 34% from R 72 million in the 2012/13 budget to R 97 million in the 2013/14 budget year. This contributes towards the budget becoming more funded and cash backed. The municipality budgeted for an 86% payment rate whilst the current rate achieved is approximately 70%. This is a clear indication that our already scarce resources need to be put into the collection of our debt and ensure that consumer accounts are paid timeously. We have profiled our debtors so that the debtor balances and payment rates can be managed per ward. The debtors have also been broken down per suburb; this allows us to focus more strategically when coming to the collection of our debt.

The municipality has employed resources internally to collect our debt and the fruit thereof is starting to show, in the first two months over R 1 million has already been recovered. Another strategic decision that the Council is taking is to abolish that practice of allowing property owners to open tenant accounts and thereby placing the burden on the municipality to collect their tenants consumer accounts on their behalf. By taking this decision we will reduce the accounts on our system from approximately 50 thousand to 30 thousand. This will free up our officials to focus more on collection from the remaining 30 thousand debtors.

Total capital budget for 2013/2014 is R 91 million of which R18 million will be funded internally and included in the total expenditure of R555 million.

The sources of funding for the R 91 million capital budget is:

Internal contributions	= R 18 million
MIG	= R 49 million
Department of water affairs	= R 23 million
EPWP	= R 1 million

The capital budget for the next two financial years is:

2014/15	= R 79 million
2015/16	= R 62 million

The MIG funding for the 2014/15 will be reduced to R 40 million in the 2014/15 financial year and to R 39 million in the 2015/16 financial year. This is an indication that the municipality needs to gear itself towards generating funds independently to fund its unlimited needs for capital development and growth. The internal capital expenditure has been increased by 27% from R 14, 5 million to R 18 million in line with the statement that we must strive to become self-sustainable with regards to the capital development in our area. This then links back to the emphasis on debt collection.

Our EPWP grant for 2012/2013 is R1 Million which can be increased in the next financial year depending on the number of job opportunities created.

In the 2012/13 financial year the municipality adopted a local economic development strategy to plot the way forward with regards to our municipality's economic development. A budget of R 7 million has been set aside for the local economic development projects in an attempt to implement this ambitious strategy.

The Councillors remuneration of R 11 million will be subsidised through the equitable share allocation. An amount of R 4,8 million has been included for the special support for Councillors remuneration and ward committees.

We also call upon all indigent households to register, and those who have registered to come forward to update their status in our register in order for them to qualify from the municipal indigent subsidy scheme. Registration of indigent household also helps the municipality to know exactly how many households are able to pay for services and how many cannot afford to pay for services due to their economic status.

1.2 Council Resolutions

On 28 May 2013 the Council of Dihlabeng Local Municipality Local met in the New Hall (ie. Boiketlong Hall of Bohlokong) to consider the annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Dihlabeng Local Municipality , acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 15 on page 25;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 16 on page 27;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 17 on page 9; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 19 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 20 on page 34
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 21 on page 35;
 - 1.2.4. Asset management as contained in Table 22 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 23 on page 38.
2. The Council of Dihlabeng Local Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – 7%
 - 2.2. the tariffs for electricity – 7%
 - 2.3. the tariffs for the supply of water – 7%
 - 2.4. the tariffs for sanitation services – 7%
 - 2.5. the tariffs for solid waste services – 7%
 - 2.6. Sundry tariffs (other services) - 10%
3. To give proper effect to the municipality's annual budget, the Council of Dihlabeng Local Municipality Local Municipality approves:

Budget related policies listed below subject to the following changes:

- **Credit control and debt collection policy**

Section 3.2 of the policy will have the following additions:

- h. "The Municipality will endeavour to register owners only for services on their properties.
- i. Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract of the tenant
- j. The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the municipality, into one consolidated account
- k. The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property."

- **Travel and subsistence policy**

The following was added:

"INTERNATIONAL TRAVEL

The Executive Mayor, Mayoral Committee Members, Speaker, Chief Whip, Councilors, Municipal Manager and officials, must travel by means of economy class on international flights at the best available fare to the airport closest to the authorised destination, plus the relevant first class rail, motor coach or boat fare, or any reasonable combination thereof necessary to complete the journey to the said destination.

A special daily allowance for that particular country as per the SARS guidelines converted to South African currency will be paid.

The reasonable actual expenses in respect of accommodation, three meals, dry cleaning, laundering and travelling documents will be paid."

- **Indigent policy**

The following was added under who qualifies for indigent support:

"Child-Headed Household:

Section 137 of the Children's Act No. 38 of 2005 as amended stipulates the following:

The Municipality may recognize a household as a child-headed household if –

- the parent, guardian or caregiver of the household is terminally ill, has died or has abandoned the children in the households;
- no adult family member is available to provide care for children in the household;
- a child over the age of 16 years has assumed the role of caregiver in respect of the children in the household;
- it is in the best interest of the children in the household
- if there are applications meeting the abovementioned criteria, they are allowed to register as indigents and the letter of authority or an affidavit indicating the status of the letter of authority will serve as a qualifying document.”

Other Policies:

Assets Management Policy, Supply Chain Management Policy, Banking and Investment Policy, Budget Policy, Credit Control and Debt Management Policy, Tariff Policy, Petty Cash Policy, Travel and subsistence Policy, Indigent Policy, Credit Control By-Laws, Property Rates Policy, Property Rates B-Law, Computer and Cell phone Policy, Disposal of land and other Immovable Assets Policy, Writing Off of Bad Debts Policy and Accounting Policy.

4. That it be noted that Service Delivery and Budget Implementation Plan will be submitted to Council before the end of June 2012 for approval.
5. That the 2013-2018 Integrated Development plan be approved.
6. That Council approves the short-term facility (overdraft) of R5 million for 2013/14 financial year.
7. That the Executive Mayor signs the attached resolution in accordance with Section 45 92)(a) of the MFMA for the bank overdraft

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically, efficiently and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has

undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable;
- Affordability of capital projects – original allocations had to be reduced.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

	Original Budget	Budget Year	Budget year +1	Budget Year + 2
R thousand	2012/13	2013/14	2014/15	2015/16
Total Operating Revenue	512 249	555 343	584 995	616 394
Total Operating Expenditure	497 749	536 893	573 577	612 812
<i>(Surplus)/Deficit for the year</i>	14 500	18 450	11 417	3 582
Total Capital Expenditure	51 733	72 196	75 710	59 946

Total operating revenue has grown by 8.41 per cent or R43 094 million for the 2013/14 financial year when compared to the 2012/13 Budget. For the two outer years, operational revenue will increase by 7 per cent respectively, equating to a total revenue growth of R61 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R536 893 million and translates into a budgeted surplus of R18 450 million. When compared to the 2012/13 Budget, operational expenditure has also grown by 8.41 per cent in the 2013/14 budget and by 5.3 and 6.8 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily decrease to R11 million and R3 million. These surpluses will be used to internal fund capital expenditure.

The 2013/14 capital budget from national government has increased by 40 per cent when compared to the 2012/13 Budget of R14 million. The capital budget will increase to R75 million and decrease to R59 Million respectively for the outer years.

Operating Revenue Framework

For Dihlabeng Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 86 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- Water tariff will be adjusted for the first block of 0-6kl from R0 to R4.50 per kl and the 31 and above has been adjusted from R 8.92 to R 11.50.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	52 074	53 403	67 323	64 649	71 358	71 358	76 950	82 337	88 100
Service charges - electricity revenue	84 155	102 912	129 197	152 738	147 171	147 171	165 400	176 978	189 366
Service charges - water revenue	33 010	37 880	44 654	46 867	48 221	48 221	52 652	56 338	60 282
Service charges - sanitation revenue	30 563	33 194	35 899	39 216	38 648	38 648	41 895	44 828	47 966
Service charges - refuse revenue	28 235	30 743	34 368	36 963	37 308	37 308	41 828	44 756	47 889
Rental of facilities and equipment	3 525	2 770	2 953	4 078	3 728	3 728	4 165	4 268	4 567
Interest earned - outstanding debtors	12 381	13 693	19 858	21 444	23 454	23 454	25 085	26 841	28 720
Fines	251	205	641	0	3 129	3 129	3 852	4 122	4 410
Transfers recognised - operational	85 075	105 007	117 091	131 667	131 667	131 667	133 174	133 695	134 074
Other revenue	12 122	2 929	5 539	14 628	9 887	9 887	9 593	10 031	10 162
Gains on disposal of PPE	0	2 740	1 500	0	700	700	749	801	858
Total Revenue	341 434	385 506	459 060	512 249	515 270	515 270	555 343	584 995	616 394

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise of 68.2 per cent of total revenue. In the 2012/13 financial year, revenue from rates and services charges totalled R378 million. A significant amount of this revenue is derived from sale of electricity (ie. R165 Million). A notable trend is the increase in the total revenue generated from rates and services charges, this is mainly attributed by rapid increases in the Eskom tariffs for bulk electricity. Electricity comprise of 29.8 per cent of the total revenue. Property rates is the second largest revenue source totalling 13.9 per cent of total revenue by 2013/14 financial year.

Operating grants and transfers totals R132 million in the 2012/13 financial year and steadily increases to R133 million by 2013/14. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:									
Operating Transfers and Grants									
National Government:	85 075	102 003	117 091	132 667	0	132 667	133 174	133 695	134 074
Local Government Equitable Share	83 825	100 053	114 851	129 367	0	129 367	129 734	131 161	150 388
Municipal Systems Improvement	–	750	740	800	0	800	890	934	950
Finance Management	1 250	1 200	1 500	1 500	0	1 500	1 550	1 600	1 750
EPWP	0	0	0	1000	0	1000	1000	0	0
Total Operating Transfers and Grants	85 075	102 003	117 091	132 667	0	132 667	133 174	133 695	134 074

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this

- rebate, a further R7 000 reduction on the market value of a property will be granted in terms of The Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
 - For pensioners a total rebate of 25 per cent will be granted to owners of rate-able property:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must be the owner of only one property;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension; and
 - The property must be categorized as residential.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 7 per cent increase from 1 July 2013 is contained below:

Table 3 Comparison of proposed rates to levied for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c	C
Residential properties	0,680	0,6426
State owned properties	1,980	1,9206
Business & Commercial	1,980	1,9206
Agricultural	0,080	0.1000
Vacant land	0,680	0,6426
Industrial	1,980	1,9206

1.3.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 7 per cent from 1 July 2013 for water is proposed. 6 kℓ water per month period will granted free of charge to registered indigents. Residents who are not registered as indigents will not qualify for free 6 kl per month, but they will pay it at a discounted rate (4.50)

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 4 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 0 to 6 kℓ per 30-day period	0.00	4.50
(ii) 7 to 10 kℓ per 30-day period	6.72	7.19
(iii) 11 to 15 kℓ per 30-day period	8.92	9.55
(iv) 16 to 20 kℓ per 30-day period	10.05	10.75
(v) 21 to 30 kℓ per 30-day period	10.39	11.12
(vi) More than 31 kℓ per 30-day period:	8.92	11.50
NON-RESIDENTIAL		
(i) 0 and more kℓ	7.34	7.86

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 5 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	121.74	157.26	35.52	29.18%
30	225.64	268.44	42.79	18.97%
40	314.86	383.44	68.58	21.78%
50	404.08	498.44	94.36	23.35%
80	671.73	843.44	171.71	25.56%
100	850.16	1 073.44	223.27	26.26%

1.3.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.3 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 7 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per month free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100	197.90	211.76	13.85	7.00%
250	320.55	342.99	22.44	7.00%
500	565.53	605.11	39.59	7.00%
750	867.53	928.25	60.73	7.00%
1 000	1 189.51	1 272.78	83.27	7.00%
2 000	2 477.46	2 650.88	173.42	7.00%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

1.3.4 Sanitation and Impact of Tariff Increases

A tariff increase of 7 per cent for sanitation from 1 July 2013 is approved. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 5,5 per cent for sanitation tariffs.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2012/13	PROPOSED TARIFF 2013/14
Per toilet	84.08	89.86

1.3.5 Waste Removal and Impact of Tariff Increases

A 7 per cent increase in the waste removal tariff is proposed from 1 July 2013.

The following table compares current and approved amounts payable from 1 July 2013:

Table 8 Comparison between current waste removal fees and increases

	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
Domestic and churches	118,17	126.44
Business x 2 per week	200,13	214.14
Business x 3 per week	272,38	291.45
Mass container removal	680,01	727.61

1.3.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 9 MBRR Table SA14 – Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent								% incr.			
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		353	381	412	436,68	436,68	436,68	7,0%	467,25	495,28	525,00
Electricity: Basic levy		100	108	117	123,82	123,82	123,82	7,0%	132,49	140,44	148,86
Electricity: Consumption		962	1 039	1 122	1 189,51	1 189,51	1 189,51	7,0%	1 272,78	1 349,15	1 430,10
Water: Consumption		183	197	213	225,64	225,64	225,64	19,0%	268,44	284,54	301,61
Sanitation		136	147	159	168,15	168,15	168,15	7,0%	179,92	190,72	202,16

		96	103	111	118,17	118,17	118,17	7,0%	126,44	134,02	142,07
Refuse removal											
Other											
sub-total		1 829,51	1 975,87	2 133,94	2 261,97	2 261,97	2 261,97	8,2%	2 447,31	2 594,15	2 749,80
VAT on Services		206,68	223,22	241,08	255,54	255,54	255,54	8,5%	277,21	293,84	311,47
		2 036,19	2 199,09	2 375,01	2 517,51	2 517,51	2 517,51	8,2%	2 724,52	2 887,99	3 061,27
Total large household bill:											
			8,0%	8,0%	6,0%	-	-		8,2%	6,0%	6,0%
% increase/-decrease											
-											
	2										
Monthly Account for Household - 'Affordable Range'											
Rates and services charges:											
Property rates		13	14	15	15,62	15,62	15,62	7,0%	16,72	17,72	18,78
Water: Consumption		98	106	115	121,74	121,74	121,74	29,2%	157,26	166,69	176,69
Sanitation		68	73	79	84,08	84,08	84,08	7,0%	89,96	95,36	101,08
Refuse removal		96	103	111	118,17	118,17	118,17	7,0%	126,44	134,02	142,07
sub-total		274,67	296,65	320,38	339,60	339,60	339,60	15,0%	390,37	413,79	438,62
VAT on Services		36,69	39,62	42,79	45,36	45,36	45,36	15,3%	52,31	55,45	58,78
		311,36	336,27	363,17	384,96	384,96	384,96	15,0%	442,68	469,24	497,40
Total small household bill:											
			8,0%	8,0%	6,0%	-	-		15,0%	6,0%	6,0%
% increase/-decrease											
-				-	-0,25	-1,00	-				
	3										
Monthly Account for Household - 'Indigent' Household receiving free basic services											

Rates and services charges:											
Property rates		13	14	15	15,62	15,62	15,62	7,0%	16,72	17,72	18,78
Water: Consumption		-	-	-	-	-	-	100,0%	27,00	28,62	30,34
Sanitation		68	73	79	84,08	84,08	84,08	7,0%	89,96	95,36	101,08
Refuse removal		96	103	111	118,17	118,17	118,17	7,0%	126,44	134,02	142,07
sub-total		176,21	190,31	205,53	217,86	217,86	217,86	19,4%	260,11	275,72	292,27
VAT on Services		22,90	24,73	26,71	28,31	28,31	28,31	20,4%	34,08	36,12	38,29
Total small household bill:		199,11	215,04	232,24	246,18	246,18	246,18	19,5%	294,19	311,84	330,55
% increase/-decrease			8,0%	8,0%	6,0%	-	-		19,5%	6,0%	6,0%

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 8 per cent, with the increase for indigent households closer to 6 per cent.

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type									
Employee related costs	99 731	131 488	142 711	149 975	152 154	152 154	161 408	171 947	184 796
Remuneration of councillors	7 918	8 724	12 888	11 421	11 842	11 842	12 671	14 317	14 507
Debt impairment	128 214	115 009	85 709	23 002	115 243	115 243	33 392	35 729	38 230
Depreciation	71 967	67 551	67 385	30 623	78 941	78 941	41 083	43 959	47 036
Finance charges	6 320	7 845	6 219	4 734	4 734	4 734	4 734	4 734	4 734
Bulk purchases	56 867	73 652	83 154	121 626	118 167	118 167	124 059	132 743	142 035
Other materials	16 823	19 534	17 724	28 500	24 733	24 733	28 491	30 485	32 619
Contracted services	4 769	7 260	10 376	26 444	27 920	27 920	22 856	24 456	26 168
Other expenditure	94 768	96 028	73 384	101 424	78 893	78 893	108 200	115 207	122 687
Loss on disposal of PPE	–	–	3 859	–	–	–	–	–	–
Total Expenditure	487 376	527 092	503 409	497 749	612 627	612 627	536 893	573 577	612 812

The budgeted allocation for employee related costs for the 2013/14 financial year totals R161 million, which equals 30 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2013/14 financial year. An annual increase of 7 per cent has been included in the two outer years of the MTREF. As part of The Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled relating to the prioritization of critical vacancies within the municipality. The outcome of this exercise was the inclusion of a budget relating to critical and strategically important vacancies

The cost associated with the remuneration of councillors and ward committees is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. 12 million is allocated for 2013/14, 14 million respectively for the outer years.

The provision of debt impairment was determined based on an annual collection rate of 86 per cent and the Debt Write-off Policy of the municipality. This amount escalates from 23 million in 2012/13 to R33 million in 2013/14 financial year. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R41 million for the 2013/14 financial and equates to 7.6 per cent of the total operating expenditure. Theirs a 1.6 per cent increase from 2012/13. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and interest on overdraft. Finance charges make up 0.88 per cent (R4.7 million) of operating expenditure excluding annual redemption for 2013/14 and remain steady for the outer years

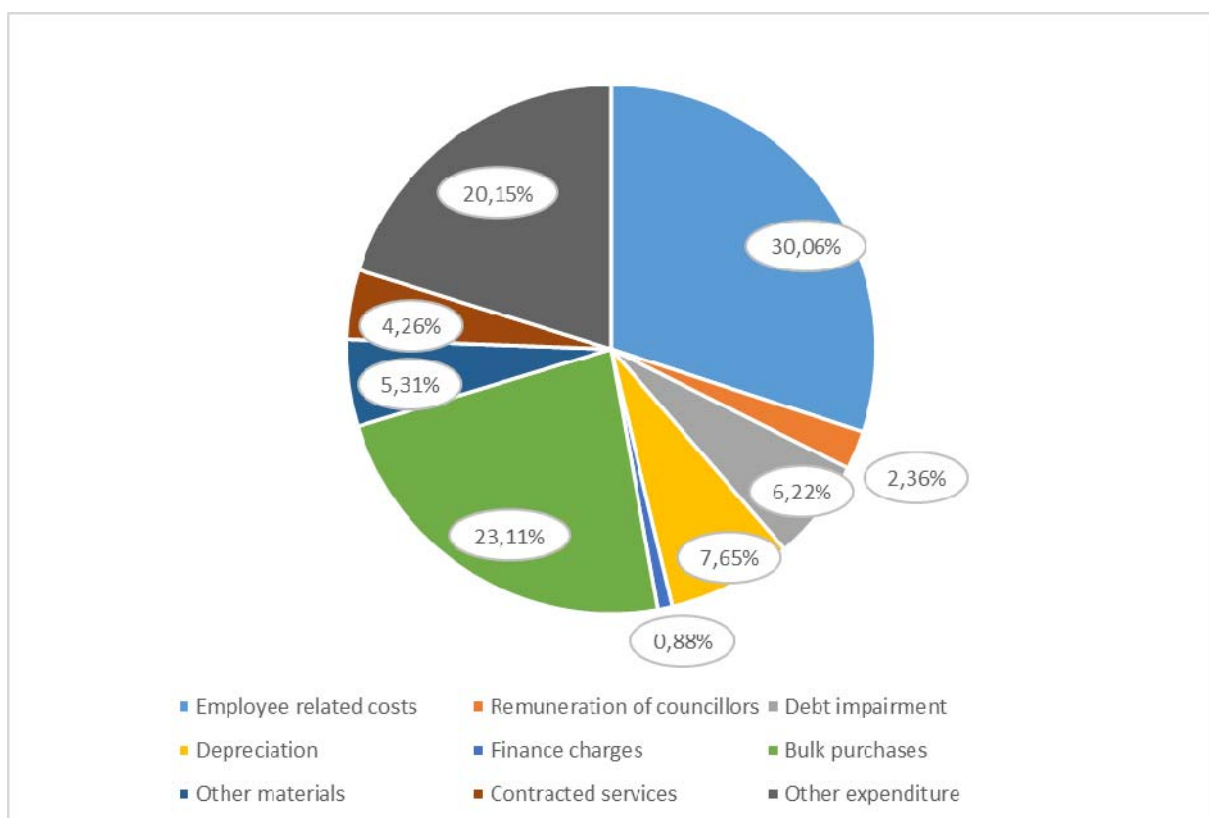
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services has been identified as one of the area which municipality must save to ensure that the municipality has full capacity relating to operations. In the 2013/14 financial year, this group of expenditure totals R22.8 million and has decreased by 13.6 per cent, clearly demonstrating the application of cost effective measures is critical. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2013/14 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out (eg Meater reading service, Security service, Landfill Management). The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure are also growing at an alarming rate

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

Figure 1 Main operational expenditure categories for the 2013/14 financial year



1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 11 Operational repairs and maintenance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Repairs and Maintenance by Expenditure Item									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	16 823	22 828	17 724	28 500	0	24 733	28 491	30 485	32 619
Total Repairs and Maintenance Expenditure	16 823	22 828	17 724	28 500	0	24 733	28 491	30 485	32 619

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance remained steady at R28.5 million in the 2012/13 financial year, from. As part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2013/14 equates to R28.5 million, R30 million and R32 million respectively over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.3.per cent

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 12 Repairs and maintenance per asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R&M by Asset Class/Sub-class									
Infrastructure									
Infrastructure - Road transport	–	7 261	8 260	8 555	–	13 604	9 143	9 783	10 468
Infrastructure - Electricity	–	2 033	2 831	3 401	–	716	3 639	3 894	4 166
Infrastructure - Water	–	2 322	2 010	4 414	–	4 513	4 723	5 054	5 407
Infrastructure - Sanitation	–	2 562	2 132	3 423	–	1 590	2 871	3 072	3 287
Infrastructure - Other	16 823	90	736	10	–	1 649	3 424	3 664	3 920
Community	–	4 079	669	5 938	–	1 078	2 755	2 948	3 154
Other assets	–	2 247	1 025	1 451	–	1 078	1 553	1 662	1 778
Intangibles	–	2 234	62	1 308	–	504	383	410	438
Total R&M	16 823	22 828	17 724	28 500	–	24 733	28 491	30 485	32 619

For the 2013/14 financial year R23.8 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totalling R9.1 million, followed by water infrastructure at R4.7 million, sanitation at R2.8 million and electricity at R3.6 million. Community assets have been allocated R2.7 million which equal to 9.6 per cent of total repairs and maintenance.

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 7 000 or more indigent households during the 2013/14 financial year, this process is reviewed annually. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2013/14 Medium-term capital budget per vote

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Governance and administration</i>	8 421	6 270	–	–	–	–	–	–	–	–
<i>Community and public safety</i>	973	173	–	–	–	–	–	10 780	–	–
<i>Economic and environmental services</i>	21 998	26 349	–	–	–	–	–	5 101	–	–
<i>Trading services</i>	27 025	40 027	–	–	–	–	–	74 765	–	–
Total Capital Expenditure - Standard	56 471	72 815	55 090	90 233	–	89 098	89 098	90 646	79 390	61 946

For 2013/14 an amount of R90.6 million has been appropriated for the development of infrastructure. In the outer years this amount totals to R79.3 million, which is 12.4 per cent decrease and R61.9 million, which is 22 per cent decrease respectively for each financial years. Trading services receives the highest allocation of R74.7 million in 2013/14 which equates to 82.48 per cent followed by community and public safety at per cent, R11.89 million and economic and environment service at 5.63 per cent, R5.1 million..

1.6 Annual Budget Tables - Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 14 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	52 074	53 403	67 323	64 649	–	71 358	71 358	76 950	82 337	88 100
Service charges	175 962	204 729	244 118	275 783	–	271 347	271 347	301 776	322 900	345 503
Investment revenue	44	30	9	–	–	–	–	–	–	–
Transfers recognised - operational	85 075	105 007	117 091	131 667	–	131 667	131 667	133 174	133 695	134 074

Other own revenue	28 280	22 337	30 519	40 149	–	40 899	40 899	43 443	46 063	48 717
	341 434	385 506	459 060	512 249	–	515 270	515 270	555 343	584 995	616 394
Total Revenue (excluding capital transfers and contributions)										
Employee costs	99 731	131 488	142 711	149 975	–	152 154	152 154	161 408	171 947	184 796
Remuneration of councillors	7 918	8 724	12 888	11 421	–	11 842	11 842	12 671	14 317	14 507
Depreciation & asset impairment	71 967	67 551	67 385	30 623	–	78 941	78 941	41 083	43 959	47 036
Finance charges	6 320	7 845	6 219	4 734	–	4 734	4 734	4 734	4 734	4 734
Materials and bulk purchases	73 690	93 185	100 878	150 126	–	142 899	142 899	152 550	163 228	174 654
Other expenditure	227 750	218 298	173 327	150 870	–	222 056	222 056	164 448	175 392	187 086
Total Expenditure	487 376	527 092	503 409	497 749	–	612 627	612 627	536 893	573 577	612 812
Surplus/(Deficit)	(145 941)	(141 586)	(44 349)	14 500	–	(97 356)	(97 356)	18 450	11 417	3 582
Transfers recognised - capital	30 467	41 093	73 454	51 733	–	69 380	69 380	72 196	75 710	59 946
	(115 474)	(100 493)	29 105	66 233	–	(27 977)	(27 977)	90 646	87 127	63 528
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(115 474)	(100 493)	29 105	66 233	–	(27 977)	(27 977)	90 646	87 127	63 528
Capital expenditure & funds sources										
Capital expenditure	56 471	72 815	55 090	90 233	–	89 098	89 098	90 646	79 390	61 946
Transfers recognised - capital	30 450	44 398	73 454	75 733	–	75 733	75 733	72 196	79 390	61 946
Internally generated funds	26 021	28 417	(18 363)	14 500	–	14 500	14 500	18 450	–	–
Total sources of capital funds	56 471	72 815	55 090	90 233	–	90 233	90 233	90 646	79 390	61 946
Financial position										
Total current assets	98 316	57 875	78 661	63 735	–	63 735	63 735	70 343	84 614	96 384
Total non-current assets	1 899 415	1 897 234	1 878 854	1 859 737	–	1 859 737	1 859 737	1 911 300	1 946 731	1 961 641
Total current liabilities	108 318	153 520	157 836	79 500	–	284 500	284 500	290 500	340 500	344 400
Total noncurrent liabilities	77 626	94 888	96 592	90 006	–	90 006	90 006	90 006	90 006	90 006
Community wealth/Equity	1 811 788	1 706 701	1 703 087	1 805 699	–	1 548 966	1 548 966	1 601 138	1 600 840	1 623 619
Cash flows										
Net cash from (used) operating	79 495	(107 700)	157 449	30 394	–	82 767	82 767	92 925	82 217	88 806
Net cash from (used) investing	(45 100)	–	(86 560)	(14 500)	–	(82 745)	(82 745)	(73 196)	(79 390)	(61 946)
Net cash from (used) financing	(6 014)	–	–	(5 806)	–	(5 806)	(5 806)	–	–	–
Cash/cash equivalents at the year end	(19 109)	(126 809)	(55 920)	10 088	–	(2 241)	(5 785)	17 488	20 315	47 175
Cash backing/surplus reconciliation										
Cash and investments available	(24 030)	(60 303)	4 584	(29 147)	–	(29 147)	(29 147)	853	853	853
Application of cash and investments	(25 717)	18 229	85 991	(23 203)	–	191 629	191 629	206 464	244 655	237 707
Balance - surplus (shortfall)	1 686	(78 533)	(81 407)	(5 944)	–	(220 776)	(220 776)	(205 611)	(243 802)	(236 854)

Asset management										
Asset register summary (WDV)	1 898 020	1 896 994	1 878 608	1 859 737	–	1 859 737	1 891 850	1 891 850	1 927 281	1 942 191
Depreciation & asset impairment	71 967	67 551	67 385	30 623	–	78 941	41 083	41 083	43 959	47 036
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	16 823	22 828	17 724	28 500	–	24 733	28 491	28 491	30 485	32 619
Free services										
Cost of Free Basic Services provided	17 249	17 249	18 284	22 531	–	22 531	27 864	27 864	29 535	31 308
Revenue cost of free services provided	8 921	8 921	9 457	8 798	–	8 798	10 086	10 086	10 491	10 919

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard									
<i>Governance and administration</i>	194 306	220 623	277 827	233 802	-	237 371	245 468	253 428	261 618
Executive and council	115 542	148 840	185 056	129 367	-	130 507	130 550	132 034	132 391
Budget and treasury office	64 455	67 096	90 767	88 489	-	98 311	105 327	112 623	120 413
Corporate services	14 309	4 687	2 004	15 945	-	8 553	9 591	8 771	8 814
<i>Community and public safety</i>	1 634	1 247	4 245	1 912	-	5 224	6 294	6 735	7 206
Community and social services	1 634	1 247	3 141	1 912	-	1 631	1 763	1 886	2 018
Sport and recreation	-	-	62	-	-	108	116	124	132
Public safety	-	-	678	-	-	3 201	4 215	4 510	4 826
Housing	-	-	363	-	-	284	200	214	229
<i>Economic and environmental services</i>	-	-	346	-	-	658	562	601	643
Planning and development	-	-	347	-	-	639	561	600	642
Road transport	-	-	(1)	-	-	19	0	0	0
<i>Trading services</i>	175 962	204 729	250 095	276 535	-	272 016	303 020	324 231	346 927
Electricity	84 155	102 912	134 965	152 907	-	146 493	165 280	176 849	189 229
Water	33 010	37 880	44 512	47 009	-	48 427	52 804	56 501	60 456
Waste water management	30 563	33 194	35 934	39 259	-	38 701	41 942	44 878	48 020
Waste management	28 235	30 743	34 684	37 360	-	38 396	42 994	46 003	49 223
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	371 902	426 599	532 514	512 249	-	515 270	555 343	584 995	616 394
Expenditure - Standard									
<i>Governance and administration</i>	204 347	308 259	217 111	226 934	-	351 555	198 129	211 580	225 955
Executive and council	78 787	83 884	84 144	77 392	-	89 325	81 120	86 457	92 168
Budget and treasury office	74 389	124 950	30 183	75 624	-	139 747	55 915	59 752	63 840
Corporate services	51 170	99 425	102 784	73 918	-	122 484	61 094	65 371	69 947
<i>Community and public safety</i>	18 946	29 552	26 295	29 617	-	34 073	40 629	43 473	46 516
Community and social services	18 946	29 552	13 185	29 617	-	17 987	21 510	23 016	24 627
Sport and recreation	-	-	3 403	-	-	5 317	6 653	7 118	7 617
Public safety	-	-	7 914	-	-	8 479	9 955	10 652	11 397
Housing	-	-	1 794	-	-	2 289	2 511	2 687	2 875
<i>Economic and environmental services</i>	89 578	22 238	31 729	29 893	-	44 281	49 709	52 699	55 898
Planning and development	3 716	2 270	7 184	4 374	-	12 498	15 950	16 576	17 247
Road transport	85 862	19 968	24 545	25 518	-	31 783	33 759	36 123	38 651
<i>Trading services</i>	174 504	167 042	228 275	211 305	-	182 717	248 426	265 826	284 444

Electricity	78 834	83 748	95 151	132 172	-	127 256	142 052	152 014	162 672
Water	39 184	11 771	12 012	20 806	-	19 929	33 286	35 616	38 109
Waste water management	28 748	31 623	97 771	28 805	-	17 698	38 478	41 034	43 770
Waste management	27 737	39 900	23 341	29 522	-	17 833	34 610	37 162	39 893
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	487 376	527 092	503 409	497 749	-	612 627	536 893	573 577	612 812
Surplus/(Deficit) for the year	(115 474)	(100 493)	29 105	14 500	-	(97 356)	18 450	11 417	3 582

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard									
<i>Governance and administration</i>	194 306	220 623	277 827	233 802	–	237 371	245 468	253 428	261 618
Executive and council	115 542	148 840	185 056	129 367	–	130 507	130 550	132 034	132 391
Budget and treasury office	64 455	67 096	90 767	88 489	–	98 311	105 327	112 623	120 413
Corporate services	14 309	4 687	2 004	15 945	–	8 553	9 591	8 771	8 814
<i>Community and public safety</i>	1 634	1 247	4 245	1 912	–	5 224	6 294	6 735	7 206
Community and social services	1 634	1 247	3 141	1 912	–	1 631	1 763	1 886	2 018
Sport and recreation	–	–	62	–	–	108	116	124	132
Public safety	–	–	678	–	–	3 201	4 215	4 510	4 826
Housing	–	–	363	–	–	284	200	214	229
<i>Economic and environmental services</i>	–	–	346	–	–	658	562	601	643
Planning and development	–	–	347	–	–	639	561	600	642
Road transport	–	–	(1)	–	–	19	0	0	0
<i>Trading services</i>	175 962	204 729	250 095	276 535	–	272 016	303 020	324 231	346 927
Electricity	84 155	102 912	134 965	152 907	–	146 493	165 280	176 849	189 229
Water	33 010	37 880	44 512	47 009	–	48 427	52 804	56 501	60 456
Waste water management	30 563	33 194	35 934	39 259	–	38 701	41 942	44 878	48 020
Waste management	28 235	30 743	34 684	37 360	–	38 396	42 994	46 003	49 223
<i>Other</i>	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	371 902	426 599	532 514	512 249	–	515 270	555 343	584 995	616 394
Expenditure - Standard									
<i>Governance and administration</i>	204 347	308 259	217 111	226 934	–	351 555	198 129	211 580	225 955
Executive and council	78 787	83 884	84 144	77 392	–	89 325	81 120	86 457	92 168
Budget and treasury office	74 389	124 950	30 183	75 624	–	139 747	55 915	59 752	63 840
Corporate services	51 170	99 425	102 784	73 918	–	122 484	61 094	65 371	69 947

<i>Community and public safety</i>	18 946	29 552	26 295	29 617	–	34 073	40 629	43 473	46 516
Community and social services	18 946	29 552	13 185	29 617	–	17 987	21 510	23 016	24 627
Sport and recreation	–	–	3 403	–	–	5 317	6 653	7 118	7 617
Public safety	–	–	7 914	–	–	8 479	9 955	10 652	11 397
Housing	–	–	1 794	–	–	2 289	2 511	2 687	2 875
<i>Economic and environmental services</i>	89 578	22 238	31 729	29 893	–	44 281	49 709	52 699	55 898
Planning and development	3 716	2 270	7 184	4 374	–	12 498	15 950	16 576	17 247
Road transport	85 862	19 968	24 545	25 518	–	31 783	33 759	36 123	38 651
<i>Trading services</i>	174 504	167 042	228 275	211 305	–	182 717	248 426	265 826	284 444
Electricity	78 834	83 748	95 151	132 172	–	127 256	142 052	152 014	162 672
Water	39 184	11 771	12 012	20 806	–	19 929	33 286	35 616	38 109
Waste water management	28 748	31 623	97 771	28 805	–	17 698	38 478	41 034	43 770
Waste management	27 737	39 900	23 341	29 522	–	17 833	34 610	37 162	39 893
<i>Other</i>	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	487 376	527 092	503 409	497 749	–	612 627	536 893	573 577	612 812
Surplus/(Deficit) for the year	(115 474)	(100 493)	29 105	14 500	–	(97 356)	18 450	11 417	3 582

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source										
Property rates	52 074	53 403	67 323	64 649	–	71 358	71 358	76 950	82 337	88 100
Service charges - electricity revenue	84 155	102 912	129 197	152 738	–	147 171	147 171	165 400	176 978	189 366
Service charges - water revenue	33 010	37 880	44 654	46 867	–	48 221	48 221	52 652	56 338	60 282
Service charges - sanitation revenue	30 563	33 194	35 899	39 216	–	38 648	38 648	41 895	44 828	47 966
Service charges - refuse revenue	28 235	30 743	34 368	36 963	–	37 308	37 308	41 828	44 756	47 889
Rental of facilities and equipment	3 525	2 770	2 953	4 078		3 728	3 728	4 165	4 268	4 567
Interest earned - external investments	44	30	9	–			–			
Interest earned - outstanding debtors	12 381	13 693	19 858	21 444		23 454	23 454	25 085	26 841	28 720
Fines	251	205	641	–	–	3 129	3 129	3 852	4 122	4 410
Licences and permits	–	–	28	–			–			
Transfers recognised - operational	85 075	105 007	117 091	131 667		131 667	131 667	133 174	133 695	134 074
Other revenue	12 122	2 929	5 539	14 628	–	9 887	9 887	9 593	10 031	10 162
Gains on disposal of PPE	–	2 740	1 500	–		700	700	749	801	858
Total Revenue (excluding capital transfers and contributions)	341 434	385 506	459 060	512 249	–	515 270	515 270	555 343	584 995	616 394
Expenditure By Type										
Employee related costs	99 731	131 488	142 711	149 975	–	152 154	152 154	161 408	171 947	184 796
Remuneration of councillors	7 918	8 724	12 888	11 421		11 842	11 842	12 671	14 317	14 507
Debt impairment	128 214	115 009	85 709	23 002		115 243	115 243	33 392	35 729	38 230
Depreciation & asset impairment	71 967	67 551	67 385	30 623	–	78 941	78 941	41 083	43 959	47 036
Finance charges	6 320	7 845	6 219	4 734		4 734	4 734	4 734	4 734	4 734
Bulk purchases	56 867	73 652	83 154	121 626	–	118 167	118 167	124 059	132 743	142 035
Other materials	16 823	19 534	17 724	28 500		24 733	24 733	28 491	30 485	32 619
Contracted services	4 769	7 260	10 376	26 444	–	27 920	27 920	22 856	24 456	26 168
Other expenditure	94 768	96 028	73 384	101 424	–	78 893	78 893	108 200	115 207	122 687
Loss on disposal of PPE	–	–	3 859	–		–	–	–	–	–
Total Expenditure	487 376	527 092	503 409	497 749	–	612 627	612 627	536 893	573 577	612 812
Surplus/(Deficit)	(145 941)	(141 586)	(44 349)	14 500	–	(97 356)	(97 356)	18 450	11 417	3 582
Transfers recognised - capital	30 467	41 093	73 454	51 733		69 380	69 380	72 196	75 710	59 946
Surplus/(Deficit) after capital transfers & contributions	(115 474)	(100 493)	29 105	66 233	–	(27 977)	(27 977)	90 646	87 127	63 528
Surplus/(Deficit) after taxation	(115 474)	(100 493)	29 105	66 233	–	(27 977)	(27 977)	90 646	87 127	63 528
Surplus/(Deficit) attributable to municipality	(115 474)	(100 493)	29 105	66 233	–	(27 977)	(27 977)	90 646	87 127	63 528
Surplus/(Deficit) for the year	(115 474)	(100 493)	29 105	66 233	–	(27 977)	(27 977)	90 646	87 127	63 528

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard										
<i>Governance and administration</i>	8 421	6 270	-	-	-	-	-	-	-	-
Executive and council	5 832	4 476		-						
Budget and treasury office	-	-		-						
Corporate services	2 590	1 793		-						
<i>Community and public safety</i>	(973)	173	-	-	-	-	-	10 780	-	-
Community and social services	(1 032)	173		-						
Sport and recreation	-	-		-				10 780		
Public safety	59	-		-						
Housing	-	-		-						
Health	-	-		-						
<i>Economic and environmental services</i>	21 998	26 349	-	-	-	-	-	5 101	-	-
Planning and development	-	-		-						
Road transport	21 998	26 349		-				5 101		
Environmental protection	-	-		-						
<i>Trading services</i>	942	8 841	-	-	-	-	-	53 976	-	-
Electricity	91	3 180		-						
Water	317	5 148		-				1 538		
Waste water management	534	512		-				49 938		
Waste management	-	-		-				2 500		
<i>Other</i>	26 083	31 182	55 090	90 233		89 098	89 098	20 789	79 390	61 946
Total Capital Expenditure - Standard	56 471	72 815	55 090	90 233	-	89 098	89 098	90 646	79 390	61 946
Funded by:										
National Government	30 450	36 777	73 454	75 733		75 733	75 733	72 196	79 390	61 946
Provincial Government	-	7 621								
District Municipality	-	-								
Other transfers and grants	-	-								
Transfers recognised - capital	30 450	44 398	73 454	75 733	-	75 733	75 733	72 196	79 390	61 946
Public contributions & donations	-	-								
Borrowing	-	-								
Internally generated funds	26 021	28 417	(18 363)	14 500	-	14 500	14 500	18 450	-	-

Total Capital Funding	56 471	72 815	55 090	90 233	–	90 233	90 233	90 646	79 390	61 946
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Table 19 MBRR Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS										
Current assets										
Cash	59	103	3 544	103		103	103	103	103	103
Call investment deposits	1 148	750	794	750	–	750	750	750	750	750
Consumer debtors	94 474	53 483	57 610	58 383	–	58 383	58 383	64 991	79 262	91 031
Other debtors	1 817	2 641	15 797	3 500		3 500	3 500	3 500	3 500	3 500
Inventory	817	899	916	1 000		1 000	1 000	1 000	1 000	1 000
Total current assets	98 316	57 875	78 661	63 735	–	63 735	63 735	70 343	84 614	96 384
Non current assets										
Long-term receivables	1 183	–	–	–		–	–	–	–	–
Investments	211	241	246	–		–	–	–	–	–
Investment property	684 805	684 302	76 471	684 302		684 302	684 302	684 302	684 302	684 302
Property, plant and equipment	1 212 207	1 211 803	1 801 877	1 174 435	–	1 174 435	1 174 435	1 225 998	1 261 429	1 276 339
Intangible	1 008	889	260	1 000		1 000	1 000	1 000	1 000	1 000
Total non-current assets	1 899 415	1 897 234	1 878 854	1 859 737	–	1 859 737	1 859 737	1 911 300	1 946 731	1 961 641
TOTAL ASSETS	1 997 731	1 955 110	1 957 515	1 923 472	–	1 923 472	1 923 472	1 981 643	2 031 345	2 058 025
LIABILITIES										
Current liabilities										
Bank overdraft	25 448	61 396	–	30 000		30 000	30 000	–	–	–
Borrowing	2 601	3 156	3 965	3 000	–	3 000	3 000	3 000	3 000	3 000
Consumer deposits	3 278	3 414	3 587	3 500		3 500	3 500	3 500	3 500	3 500
Trade and other payables	76 991	85 554	150 283	43 000	–	248 000	248 000	284 000	334 000	337 900
Total current liabilities	108 318	153 520	157 836	79 500	–	284 500	284 500	290 500	340 500	344 400
Non-current liabilities										
Borrowing	37 296	32 763	36 830	31 202	–	31 202	31 202	31 202	31 202	31 202
Provisions	40 330	62 125	59 762	58 803	–	58 803	58 803	58 803	58 803	58 803
Total non-current liabilities	77 626	94 888	96 592	90 006	–	90 006	90 006	90 006	90 006	90 006
TOTAL LIABILITIES	185 943	248 408	254 428	169 506	–	374 506	374 506	380 506	430 506	434 406
NET ASSETS	1 811 788	1 706 701	1 703 087	1 753 966	–	1 548 966	1 548 966	1 601 138	1 600 840	1 623 619
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	1 811 788	1 706 701	1 703 087	1 805 699		1 548 966	1 548 966	1 601 138	1 600 840	1 623 619

TOTAL COMMUNITY WEALTH/EQUITY	1 811 788	1 706 701	1 703 087	1 805 699	-	1 548 966	1 548 966	0	1 600 840	1 623 619
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Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	235 826	264 066	242 912	327 203		268 360	268 360	397 085	415 570	444 090
Government - operating	85 092	149 422	194 125	131 667		131 667	131 667	133 174	133 695	134 074
Government - capital	30 450	–	–	75 733		75 733	75 733	73 196	79 390	61 946
Interest	12 425	13 693	9	–		–	–	25 085	26 841	28 720
Payments										
Suppliers and employees	(268 654)	(529 579)	(273 378)	(423 742)		(312 526)	(312 526)	(457 685)	(489 155)	(522 812)
Finance charges	(6 278)	–	(6 219)	(4 734)	–	(4 734)	(4 734)	(4 734)	(4 734)	4 734
Transfers and Grants	(9 366)	(5 302)		(75 733)		(75 733)	(75 733)	(73 196)	(79 390)	(61 946)
NET CASH FROM/(USED) OPERATING ACTIVITIES	79 495	(107 700)	157 449	30 394	–	82 767	82 767	92 925	82 217	88 806
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	10 602	–	10 101	–		–	–	–	–	–
Decrease (Increase) in non-current debtors	(15)	–		–		–	–	–	–	–
Decrease (increase) other non-current receivables	28	–		–		–	–	–	–	–
Payments										
Capital assets	(55 715)	–	(96 661)	(14 500)		(82 745)	(82 745)	(73 196)	(79 390)	(61 946)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(45 100)	–	(86 560)	(14 500)	–	(82 745)	(82 745)	(73 196)	(79 390)	(61 946)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Repayment of borrowing	(6 103)	–	–	(5 806)		(5 806)	(5 806)	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 014)	–	–	(5 806)	–	(5 806)	(5 806)	–	–	–
NET INCREASE/(DECREASE) IN CASH HELD	28 381	(107 700)	70 889	10 088	–	(5 785)	(5 785)	19 729	2 827	26 860
Cash/cash equivalents at the year begin:	(47 490)	(19 109)	(126 809)			3 544	–	(2 241)	17 488	20 315
Cash/cash equivalents at the year end:	(19 109)	(126 809)	(55 920)	10 088	–	(2 241)	(5 785)	17 488	20 315	47 175

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available										
Cash/cash equivalents at the year end	(19 109)	(126 809)	(55 920)	10 088	–	(2 241)	(5 785)	17 488	20 315	47 175
Other current investments > 90 days	(5 133)	66 265	60 258	(39 235)	–	(26 906)	(23 363)	(16 635)	(19 462)	(46 322)
Non-current assets - Investments	211	241	246	–	–	–	–	–	–	–
Cash and investments available:	(24 030)	(60 303)	4 584	(29 147)	–	(29 147)	(29 147)	853	853	853
Application of cash and investments										
Unspent conditional transfers	9 716	2 379	9 282	–	–	–	–	–	–	–
Other working capital requirements	(35 433)	15 850	76 709	(23 203)	–	191 629	191 629	206 464	244 655	237 707
Total Application of cash and investments:	(25 717)	18 229	85 991	(23 203)	–	191 629	191 629	206 464	244 655	237 707
Surplus(shortfall)	1 686	(78 533)	(81 407)	(5 944)	–	(220 776)	(220 776)	(205 611)	(243 802)	(236 854)

Table 22 MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE									
<u>Total New Assets</u>	56 471	72 815	55 090	90 233	–	89 098	90 646	79 390	61 946
<i>Infrastructure - Road transport</i>	25 539	–	27 145	–	–	–	–	–	–
<i>Infrastructure - Electricity</i>	5 453	–	2 600	–	–	–	–	–	–
<i>Infrastructure - Water</i>	1 682	–	11 805	–	–	–	–	–	–
<i>Infrastructure - Sanitation</i>	9 040	–	5 142	–	–	–	–	–	–
<i>Infrastructure - Other</i>	–	–	250	–	–	–	–	–	–
Infrastructure	41 714	–	46 942	–	–	–	–	–	–
Community	14 757	72 815	8 148	90 233	–	89 098	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	90 646	79 390	61 946
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	–	–	–	–	–	–	–	–	–
<i>Infrastructure - Road transport</i>	–	–	–	–	–	–	–	–	–
<i>Infrastructure - Electricity</i>	–	–	–	–	–	–	–	–	–
<i>Infrastructure - Water</i>	–	–	–	–	–	–	–	–	–
<i>Infrastructure - Sanitation</i>	–	–	–	–	–	–	–	–	–
<i>Infrastructure - Other</i>	–	–	–	–	–	–	–	–	–
Infrastructure	–	–	–	–	–	–	–	–	–
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>									
<i>Infrastructure - Road transport</i>	25 539	–	27 145	–	–	–	–	–	–
<i>Infrastructure - Electricity</i>	5 453	–	2 600	–	–	–	–	–	–

<i>Infrastructure - Water</i>	1 682	-	11 805	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>	9 040	-	5 142	-	-	-	-	-	-
<i>Infrastructure - Other</i>	-	-	250	-	-	-	-	-	-
Infrastructure	41 714	-	46 942	-	-	-	-	-	-
Community	14 757	72 815	8 148	90 233	-	89 098	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	90 646	79 390	61 946
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	56 471	72 815	55 090	90 233	-	89 098	90 646	79 390	61 946
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Other</i>	1 212 207	1 211 803	1 801 877	1 174 435		1 174 435	1 206 548	1 241 979	1 256 889
Infrastructure	1 212 207	1 211 803	1 801 877	1 174 435	-	1 174 435	1 206 548	1 241 979	1 256 889
Investment properties	684 805	684 302	76 471	684 302	-	684 302	684 302	684 302	684 302
Intangibles	1 008	889	260	1 000	-	1 000	1 000	1 000	1 000
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 898 020	1 896 994	1 878 608	1 859 737	-	1 859 737	1 891 850	1 927 281	1 942 191
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	71 967	67 551	67 385	30 623	-	78 941	41 083	43 959	47 036
Repairs and Maintenance by Asset Class	16 823	22 828	17 724	28 500	-	24 733	28 491	30 485	32 619
<i>Infrastructure - Road transport</i>	-	7 261	8 260	8 555	-	13 604	9 143	9 783	10 468
<i>Infrastructure - Electricity</i>	-	2 033	2 831	3 401	-	716	3 639	3 894	4 166
<i>Infrastructure - Water</i>	-	2 322	2 010	4 414	-	4 513	4 723	5 054	5 407
<i>Infrastructure - Sanitation</i>	-	2 562	2 132	3 423	-	1 590	2 871	3 072	3 287
<i>Infrastructure - Other</i>	16 823	90	736	10	-	1 649	3 424	3 664	3 920
Infrastructure	16 823	14 268	15 969	19 802	-	22 072	23 800	25 466	27 248
Community	-	4 079	669	5 938	-	1 078	2 755	2 948	3 154
Other assets	-	4 481	1 086	2 759	-	1 582	1 936	2 072	2 217
TOTAL EXPENDITURE OTHER ITEMS	88 789	90 379	85 109	59 123	-	103 674	69 574	74 444	79 655
<i>Renewal of Existing Assets as % of total capex</i>	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<i>Renewal of Existing Assets as % of deprecn"</i>	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<i>R&M as a % of PPE</i>	1,4%	1,9%	1,0%	2,4%	0,0%	2,1%	2,3%	2,4%	2,6%
<i>Renewal and R&M as a % of PPE</i>	1,0%	1,0%	1,0%	2,0%	0,0%	1,0%	2,0%	2,0%	2,0%

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	29 918	29 918	28 748	28 748		28 748	28 748	28 748	28 748
Piped water inside yard (but not in dwelling)	-	-	-	-		-	-	-	-
Using public tap (at least min.service level)	-	-	3 088	3 088		3 088	3 088	3 088	3 088
Other water supply (at least min.service level)	-	-	-	-		-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	29 918	29 918	31 836	31 836	-	31 836	31 836	31 836	31 836
Using public tap (< min.service level)	-	-	-	-		-	-	-	-
Other water supply (< min.service level)	-	-	-	-		-	-	-	-
No water supply	-	-	-	-		-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	29 918	29 918	31 836	31 836	-	31 836	31 836	31 836	31 836
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	23 948	23 948	26 343	27 220		27 220	27 220	27 220	27 220
Flush toilet (with septic tank)	-	-	-	-		-	-	-	-
Chemical toilet	-	-	-	-		-	-	-	-
Pit toilet (ventilated)	6 000	6 000	5 455	4 616		4 616	4 616	4 616	4 616
Other toilet provisions (> min.service level)	-	-	-	-		-	-	-	-
<i>Using public tap (< min.service level)</i>	29 948	29 948	31 797	31 836	-	31 836	31 836	31 836	31 836
Bucket toilet	-	-	-	-		-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-		-	-	-	-
No toilet provisions	-	-	-	-		-	-	-	-
<i>Total number of households</i>	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	29 948	29 948	31 797	31 836	-	31 836	31 836	31 836	31 836
<u>Energy:</u>									
Electricity (at least min.service level)	2 945	2 945	2 945	2 945		2 945	2 945	2 945	2 945
Electricity - prepaid (min.service level)	6 541	6 541	6 541	28 891		28 891	28 891	28 891	28 891
<i>Using public tap (< min.service level)</i>	9 486	9 486	9 486	31 836	-	31 836	31 836	31 836	31 836
Electricity (< min.service level)	-	-	-	-		-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-		-	-	-	-

Other energy sources	-	-	-	-	-	-	-	-	-
<i>Total number of households</i>	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	9 486	9 486	9 486	31 836	-	31 836	31 836	31 836	31 836
<u>Refuse:</u>									
Removed at least once a week	29 918	29 918	31 414	31 836		31 836	31 836	31 836	31 836
<i>Using public tap (< min.service level)</i>	29 918	29 918	31 414	31 836	-	31 836	31 836	31 836	31 836
Removed less frequently than once a week	-	-	-	-		-	-	-	-
Using communal refuse dump	-	-	-	-		-	-	-	-
Using own refuse dump	-	-	-	-		-	-	-	-
Other rubbish disposal	-	-	-	-		-	-	-	-
No rubbish disposal	-	-	-	-		-	-	-	-
<i>Total number of households</i>	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	29 918	29 918	31 414	31 836	-	31 836	31 836	31 836	31 836
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	29 918	29 918	29 918	31 836		31 836	31 836	31 836	31 836
Sanitation (free minimum level service)	29 918	29 918	5 000	31 836		31 836	7 000	7 000	7 000
Electricity/other energy (50kwh per household per month)	4 000	4 000	5 000	6 000		6 000	7 000	7 000	7 000
Refuse (removed at least once a week)	4 000	4 000	5 000	6 000		6 000	7 000	7 000	7 000
<u>Cost of Free Basic Services provided (R'000)</u>	-	-	-	-	-	-	-	-	-
Water (6 kilolitres per household per month)	4 323 500	4 323 500	4 582 910	5 446 364		5 446 364	6 735 337	7 139 457	7 567 825
Sanitation (free sanitation service)	5 598 720	5 598 720	5 934 643	6 192 000		6 192 000	7 657 440	8 116 886	8 603 900
Electricity/other energy (50kwh per household per month)	1 728 000	1 728 000	1 831 680	2 180 880		2 180 880	2 697 022	2 858 843	3 030 373
Refuse (removed once a week)	5 598 720	5 598 720	5 934 643	8 712 000		8 712 000	10 773 840	11 420 270	12 105 487
Total cost of FBS provided (minimum social package)	17 248 940	17 248 940	18 283 876	22 531 244	-	22 531 244	27 863 639	29 535 457	31 307 584
<u>Highest level of free service provided</u>									
Property rates (R value threshold)	22 000	22 000	22 000	22 000		22 000	22 000	22 000	22 000
Water (kilolitres per household per month)	6	6	6	6		6	6	6	6
Sanitation (Rand per household per month)	117	117	124	147		147	147	147	147
Electricity (kwh per household per month)	50	50	50	50		50	50	50	50
<u>Revenue cost of free services provided (R'000)</u>									
Property rates (R15 000 threshold rebate)	4 598 000	4 598 000	4 873 880	3 351 158		3 351 158	3 351 158	3 351 158	3 351 158
Property rates (other exemptions, reductions and rebates)	-	-	-	-		-	-	-	-
Water	4 323 500	4 323 500	4 582 910	5 446 364		5 446 364	6 735 337	7 139 457	7 567 825
Total revenue cost of free services provided (total social package)	8 921	8 921	9 457	8 798	-	8 798	10 086	10 491	10 919

Part 2 – Supporting Documentation

1.7 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2010. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2013** - Council considers the 2010/11 Mid-year Review and Adjustments Budget;

- **February 2013** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **30 March 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;
- **April 2013** – Public consultation;
- **May 2013** – finalisation of the 2013/14 IDP and 2013/14 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **28 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.7.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2006. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.7.3 Community Consultation

The draft 2013/14 MTREF was tabled before Council on 3 April 2013 for community consultation. The draft budget was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries within Dihlabeng area. Notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Councillors and management were utilised to facilitate the community consultation process from 15 April to 8 May 2013. The applicable dates and venues were published in all the local newspapers and on average attendance of 500 was recorded per meeting. Other stakeholders involved in the consultation included rates payers association, churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by business as an obstacle to economic growth;
- Households cannot afford the tariff increases due to unemployment increases. Tariff increases were proposed at 9% and were later decreased to 7%;
- Insufficient allocation for town planning;
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money; and
- They also indicated that they need place to stay and they have been waiting for too long and their losing patience.

Significant changes effected in the final 2013/14 MTREF compared to the draft 2013/14 MTREF that was tabled for community consultation, include:

- The final tariff for water, refuses, sanitation was reduced from 9 % to 7 %

- The draft budget had a zero surplus, and we managed to record R18.4 million Surplus at the end.
- An amount of R18.4 million was allocated in the Capital Budget for to fund internal projects,
- An amount of R8.7 million was allocated to address purchase of Erf 3017.

1.8 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five years strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to The Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and The Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;

- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 24 IDP Strategic Objectives

2013/14 MTREF	
1.	Provide democratic and accountable government for local communities
2.	Be responsive to the needs of the local community;
3.	Ensure the provision of services to communities in a sustainable manner
4.	Promote a safe and healthy environment
5.	Promote social and economic development
6.	Encourage the involvement of communities and community organizations in the matters of local government
7.	Facilitate the culture of public service and accountability amongst its staff;
8.	Assign clear responsibilities for the management and co-ordination of administrative units and mechanisms

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole;
- Sound financial fundamentals.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Corporate Services	Stable labour force	77 051	148 412	(2 921)	22 378		212	1 477	1 580	1 691
Corporate governance	Accountable Government	28 500	32 724	(4 029)	50 096		1 140	816	873	934
Service delivery	Services to all	113 552	158 885	78 236	40 973		9 383	8 975	8 112	8 109
	Civil engineering roads	–	–	(1)	25 518		19	0	0	0
	Civil engineering sewerage	–	–	35 934	28 805		38 701	41 942	44 878	48 020
	Civil engineering water	–	–	44 512	20 806		48 427	52 804	56 501	60 456
	Electrical engineering	–	–	134 965	132 172		146 493	165 280	176 849	189 229
Political leadership	Political stability	18 526	26 533	118 346	32 900		129 367	129 734	131 161	131 457
LED	Economic development	3 645	7 367	66	10 201		18	44	47	51
Community welfare	Healthy environment	10 803	15 625	36 638	58 274		43 201	48 944	52 370	56 036
Financial management	Financial Accountability	9 873	23 127	90 767	75 624		98 311	105 327	112 623	120 413
Total Revenue (excluding capital transfers and contributions)		261 950	412 673	532 514	497 749	–	515 270	555 343	584 995	616 394

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Human Capital Development	Stable labour force	148 412	86 936	96 379	22 378		100 475	24 335	26 039	27 862
Good governance and Public Participation	Accountable Government	32 724	56 710	52 380	50 096		49 940	51 115	54 693	58 522
Service delivery	Services to all	158 885	15 451	12 332	40 973		30 044	41 714	44 634	47 759
Access to Roads	Improve access to municipal roads and provision of Trafficable roads	–	19 968	24 545	25 518		31 783	33 759	36 123	38 651
Access to Sanitation	Improve access to sanitation and provision of quality services.	–	129 139	97 771	28 805		17 698	38 478	41 034	43 770
Access to Water	Improve access to water services and provision of quality water.	–	11 771	12 012	20 806		19 929	33 286	35 616	38 109
Access to Electricity	Improve Access to Electricity Services	–	83 748	95 151	132 172		127 256	142 052	152 014	162 672
Political leadership	Political stability	26 533	30 202	29 048	32 900		41 013	34 903	37 005	39 254
Local Economic Development	Enabling environment for economic growth and tourism development.	7 367	4 877	4 961	10 201		7 474	10 690	10 948	11 225
Community welfare	Healthy environment	15 625	68 644	48 648	58 274		47 266	69 645	74 649	80 004
Financial management	Financial Accountability	23 127	18 487	30 183	75 624		139 747	55 915	59 752	63 840
Allocations to other priorities										
0		412 673	525 933	503 409	497 749	–	612 627	535 893	572 507	611 667

Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Corporate Services	Stable labour force	4 903	–		–					
Corporate governance	Accountable Government	–	–		–					
Service delivery	Services to all	53 613	133 557	55 090	90 233		89 098	13 119	79 390	61 946
	Civil engineering roads	–	–		–			5 101		
	Civil engineering sewerage	–	–		–			52 438		
	Civil engineering water	–	–		–			1 538		
	Electrical engineering	–	–		–					
Political leadership	Political stability	–	–		–					
LED	Economic development	–	–		–					
Community wealfare	Healthy environment	–	–		–					
Financial management	Financial Accountability	–	–		–					
Allocations to other priorities										
Total Capital Expenditure		58 516	133 557	55 090	90 233	–	89 098	72 196	79 390	61 946

1.9 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, The municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

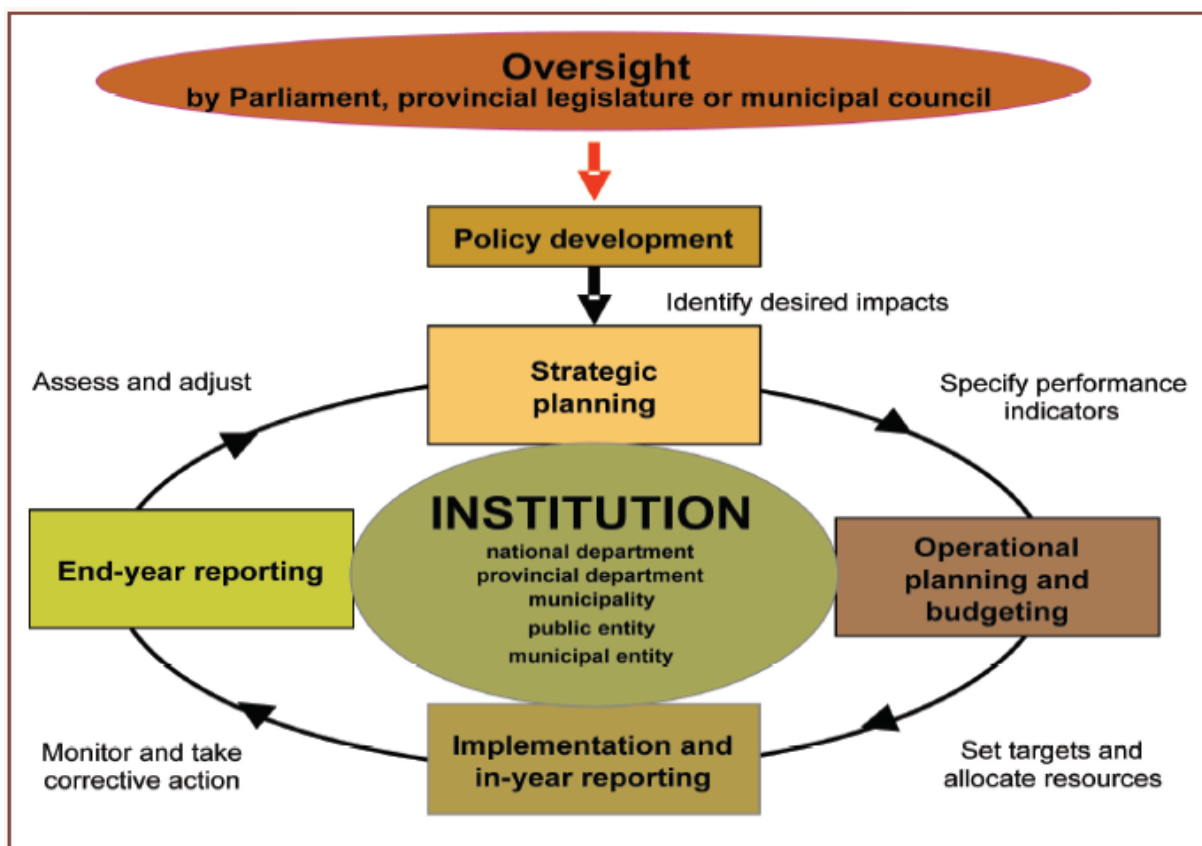


Figure 2 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

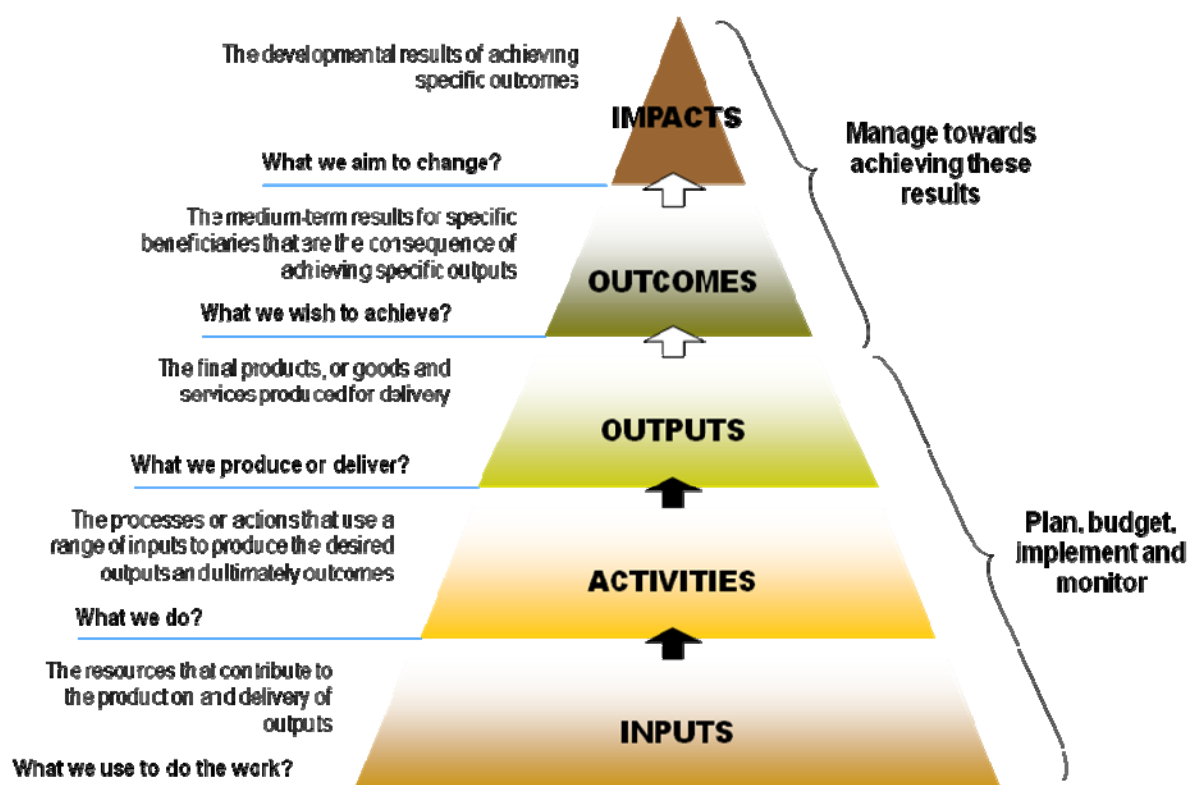


Figure 3 Definition of performance information concepts

1.9.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 86 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R750 000 for the respective three financial years of the 2013/14 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 28 MBRR SA15 – Detail Investment Information

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
<u>Parent municipality</u>									
Deposits - Bank	1 158	1 166	7 500	1 286	750	750	750	750	750
Total:	1 158	1 166	7 500	1 286	750	750	750	750	750

Table 29 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
arent municipality										
ABSA	10 years	Fixed deposit	No	Fixed	6%	0	0	30 Days' Notice	750	8
TOTAL INVESTMENTS AND INTEREST									750	8

1.10 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Financial Services Department. The municipality has successfully employed and trained 9 interns through this programme and a majority of them were appointed by the municipality
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail 2013/14 MTREF SDBIP document was submitted to the Major 21 days after the approval of the budget.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

1.11 Municipal manager's quality certificate

I, municipal manager of Dihlabeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Dihlabeng Local Municipality

Signature _____

Date _____